



U.S. Department of Housing and Urban Development

Homeownership Center
The Wanamaker Building
100 Penn Square East
Philadelphia, Pennsylvania 19107-3389

FEB 27 2001

CIRCULAR LETTER PH 01-02

TO: All Approved Mortgagees Doing Business in Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, and West Virginia

FROM: Engram A. Lloyd, Director, Philadelphia Homeownership Center

SUBJECT: Unacceptable Fees/Charges and Duplicate MIC Requests

Unacceptable Fees/Charges

As a result of our Quality Control reviews, we are seeing a variety of unallowable fees being charged to FHA borrowers. When we observe such fees being charged, a letter is then sent to the originating lender asking them to provide evidence that the borrower has received a refund of the unacceptable fees. A listing of unacceptable fees can be found in our Circular Letter PH 98-01 which can be retrieved from our website at http://www.hud.gov/fha/sfh/circ/phi/circ_phi.html. These fees as well as other closing costs are also listed in Chapter 2 of the HOC National Reference Guide as well as Handbook 4000.2, paragraph 5-3.

Duplicate MIC Requests

We have noticed that a large number of duplicate Mortgage Insurance Certificate (MIC) requests are being sent via FHA Connection. It appears that once our office endorses a case, some mortgage lenders are requesting a duplicate MIC shortly thereafter instead of waiting for the original MIC to be received. We feel this is an abuse of the system and are asking your cooperation by only requesting a duplicate MIC after you have not received the original one within two weeks of the endorsement date as reflected in the Case Query screen of FHA Connection.

If you have any questions regarding these issues, please contact our Insurance/Underwriting Branch at (215) 656-0578, option #5.